



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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AUDITOR-CONTROLLER

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October 12, 2011

Sent via email to auditcomm@bos.lacounty.gov

TO: Audit Committee

FROM: Robert Campbell, Acting Chief
Audit Division

A handwritten signature in blue ink, appearing to be "Robert Campbell", is written over the "FROM:" line.

SUBJECT: **REVIEW OF BOARD POLICY 4.050 – AUDIT FOLLOW-UP**

As requested by the Executive Office of the Board, we have reviewed Board Policy 4.050 – Audit Follow-Up. Our suggested revisions are included in the attached Microsoft Word document. The sunset review date for this policy is December 7, 2011. We are requesting an extension to December 7, 2019.

We look forward to discussing the proposed revisions with you at this month's Audit Committee meeting. Please call me at (213) 253-0101 if you have any questions, or need any additional information.

RGC:rgc

Attachment

c: Wendy L. Watanabe, Auditor-Controller



Los Angeles County BOARD OF SUPERVISORS POLICY MANUAL

Policy #:	Title:	Effective Date:
4.050	Audit Follow-Up	12/07/95

PURPOSE

Establishes procedures requiring all County Departments to ~~take timely actions in~~ respond to audits of County operations, including audits of services provided by contract vendors, resulting in recommendations for improvement, disallowances, or questioned costs within specific timeframes.

REFERENCE

March 1, 1983 Board Order, [Synopsis 92](#)

April 13, 1983 Auditor-Controller Memorandum, "[Audits by Outside Agencies](#)"

December 7, 1995 Audit Committee Meeting [Minutes](#), Policy Amendment

April 4, 2000 Board Order, [Synopsis 17](#)

February 11, 2011 Audit Committee Memo, "Board Policy on Responses to Audit Reports"

POLICY

~~On December 7, 1995, at the request of the Auditor-Controller, the Audit Committee amended this policy. Changes are in italics.~~

Departmental Role

Primary responsibility for responding to audit reports, following up on required actions and updating the status of audit recommendations rests with the Department Head, or other County officer, charged with the responsibility for managing any program which is the subject of an audit. Where multiple County officers are involved, the Chief Administrative Executive Office (CAEO) shall designate a lead agency with the responsibility for coordinating responses and following up on required actions. Each Department Head, or other County officer, must provide for a formal audit follow-up system which includes the following elements:

1. For audits by outside agencies, ~~D~~departments will respond in writing to the Board of Supervisors, the CAEO, the Grand Jury, and the Auditor-Controller addressing any

audit recommendations, disallowances, and questioned costs within 60 days after delivery of the audit report. ~~This policy also pertains to audits performed by outside agencies.~~ If a funding source or law mandates a shorter response time, such requirements the shorter response time must be met.

For audits by the Auditor-Controller, departments will respond in writing within 30 days of receiving the draft report. This will allow the Auditor-Controller to attach the department's response and/or corrective action plan to the final report before it is issued to the Board of Supervisors. If the Auditor-Controller does not receive a department's response within 30 days (or longer if the Auditor-Controller agrees), the Auditor-Controller may elect to issue their final report without the department's written response. In these instances, departments must respond in writing to the Board of Supervisors within 60 days (or shorter if required by law or an external funding source) after the Auditor-Controller's final report.

2. Departments will ~~determine the disposition of~~ indicate whether they agree or disagree with each audit recommendations, disallowances, and questioned costs. ~~Departments will provide the Auditor-Controller and the CAO including their resolution with specific corrective action plans, and time limits to accomplish implement their corrective action plans.~~ If a funding source or law mandates a shorter response time, such those requirements must be met.
3. Departments will determine the allowability of any costs in audits resulting in questioned costs. Final resolution must be obtained from the funding source, if necessary.
4. Annually, departments will provide the Auditor-Controller with thea summary listing on the detailed status of all outstanding recommendations until the recommendation(s) have been fully implemented, or an acceptable alternate disposition has been agreed to, by the Auditor-Controller. For any recommendations reported as "Implemented", Departments must maintain supporting documents to verify the status. The Auditor-Controller may review the supporting documents to verify that the recommendations have been implemented except for the more significant audit recommendations whose status will continue to be reported semi-annually.
5. Departments will consult with the Audit Committee CAO to ~~determine resolution of audit resolve~~ disagreements with the Auditor-Controller, or with the Auditor-Controller ~~on to resolve~~ disagreements with other auditors.
6. Departments will maintain accurate records of all audit reports, ~~and related significant findings and corrective actions for at least five (5) years from the date the audit report was issued, or the recommendation is implemented, whichever is later. If a funding source or another authority requires a longer retention period, the longer period must be observed.~~
7. Any deviation from the above policy requires the approval of the Auditor-Controller and the CAEO.

County Auditor-Controller Role

1. The Auditor-Controller, as part of their regular work plan, will ~~provide for a review of audit follow-up actions instituted taken by County officers to implement audit recommendations, resolve questioned costs or other audit issues. Unless otherwise~~

~~directed or when circumstances clearly indicate an earlier review is warranted, t~~The Auditor-Controller review will be included in any subsequent scheduled audit of the County officer involvedschedule follow-up reviews of significant audit recommendations as part of their annual audit plan to determine whether the recommendations have been appropriately addressed.

2. The Auditor-Controller's role will be to determine whether ~~ascertain that the~~ departments are in-complyingance with the Board policy, and to determine the adequacy of corrective actions.
43. As appropriate, the Auditor-Controller will inform the Board of Supervisors of ~~any individual follow-up problem(s)~~ issues identified in their follow-up reviews regarding audit recommendations, disallowances, and questioned costs.

RESPONSIBLE DEPARTMENT

Auditor-Controller

DATE ISSUED/SUNSET DATE

Issue Date: March 1, 1983

Re-issue Date: December 7, 1995

Review Date: July 22, 2004

Sunset Review Date: December 7, 2019

Sunset Review Date: December 7, 2003

Sunset Review Date: December 7, 2011